



Q3 2023 Earnings Call

October 25, 2023



Forward-Looking Statements / Non-GAAP Measures

This presentation and the related materials contain forward-looking statements within the meaning of the safe harbor provision of the Private Securities Litigation Reform Act of 1995, as amended. These statements relate to future events or future performance of Norfolk Southern Corporation (NYSE: NSC) (“Norfolk Southern,” “NS,” the “Company,” “we,” “our,” or “us”) and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or our achievements or those of our industry to be materially different from those expressed or implied by any forward-looking statements. In some cases, forward-looking statements may be identified by the use of words like “will,” “believe,” “expect,” “targets,” “anticipate,” “estimate,” “plan,” “consider,” “project,” “may,” “could,” “would,” “should,” “intend,” “predict,” “potential,” “feel,” or other similar terminology. The Company has based these forward-looking statements on management’s current expectations, assumptions, estimates, beliefs, and projections. While the Company believes these expectations, assumptions, estimates, and projections are reasonable, forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which involve factors or circumstances that are beyond the Company’s control. These and other important factors, including those discussed under “Risk Factors” in the Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission (the “SEC”), as supplemented in Part II, Item 1A of our Form 10-Q to be filed with the SEC on the same date as this presentation, may cause actual results, benefits, performance, or achievements to differ materially from those expressed or implied by these forward-looking statements. Please refer to these and our subsequent SEC filings for a full discussion of those risks and uncertainties we view as most important.

Forward-looking statements are not, and should not be relied upon as, a guarantee of future events or performance, nor will they necessarily prove to be accurate indications of the times at or by which any such events or performance will be achieved. As a result, actual outcomes and results may differ materially from those expressed in forward-looking statements. The forward-looking statements herein are made only as of the date they were first issued, and unless otherwise required by applicable securities laws, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In addition to disclosing financial results in accordance with U.S. GAAP, the accompanying presentation contains non-GAAP financial measures. These non-GAAP measures should be viewed as a supplement to and not a substitute for our U.S. GAAP measures, and the financial results calculated in accordance with U.S. GAAP and reconciliations from these results should be carefully evaluated. All reconciliations to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP can be found on our website at www.norfolksouthern.com on the Investors page under Events and Presentations for this event.

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CEO Remarks



Alan Shaw
President & Chief Executive Officer



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Financial Overview



Mark George
Executive Vice President & Chief Financial Officer



Estimate of Eastern Ohio derailment-related costs

\$ millions

	Expense			Paid-to-date
	1H	Q3	Total	
Environmental-related costs	\$581	\$118	\$699	\$372
<ul style="list-style-type: none"> Environmental response efforts and expected remediation and monitoring activity 				
Legal and other costs	222	70	292	139
<ul style="list-style-type: none"> Legal-related activities and community assistance 				
Insurance recoveries	--	(25)	(25)	--
Total impact	\$803	\$163	\$966	\$511

Eastern Ohio Incident & Response costs are current estimates, which may be subject to changes in future periods. Third Quarter 2023 amounts reflect \$25M in insurance recoveries. Additional insurance or other third-party recoveries will be recognized in future periods when recovery is deemed to be probable. No amounts have been recorded related to potential third-party recoveries, which may reduce amounts payable by our insurers under applicable insurance coverage.

Key Financial Data

Q3 2023 and comparison to Q3 2022

favorable / unfavorable

\$ millions except per share

	Third Quarter					
	Revenue	Operating Expense	Operating Ratio	Operating Income	Net Income	Earnings per Share
Q3 2023 GAAP	\$2,971	\$2,215	74.6%	\$756	\$478	\$2.10
Eastern Ohio incident/response	-	(\$163)	5.5pts	\$163	\$123	\$0.55
Q3 2023 Adjusted ¹	\$2,971	\$2,052	69.1%	\$919	\$601	\$2.65
GAAP Variance vs Q3'22	(\$372)	\$144	12.6pts	(\$516)	(\$480)	(\$2.00)
Adjusted Variance vs Q3'22	(\$372) -11%	\$19 -1%	7.1pts	(\$353) -28%	(\$357) -37%	(\$1.45) -35%

Fuel Price is a 270bps headwind to OR in Q3

(1) Adjusted Q3 2023 modifies 3Q23 GAAP results for the \$163M related to the Eastern Ohio incident.

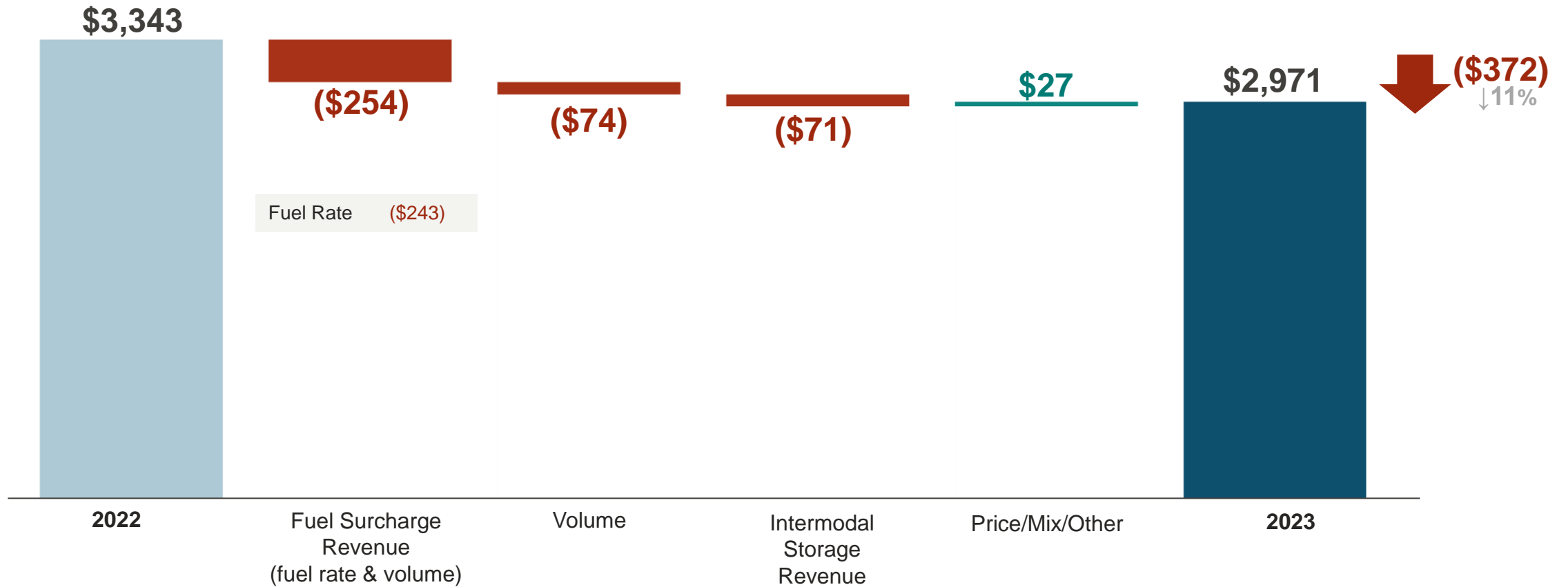
Please see reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.

Railway Operating Revenues

Q3 2023 vs. 2022

\$ millions

favorable / (unfavorable)

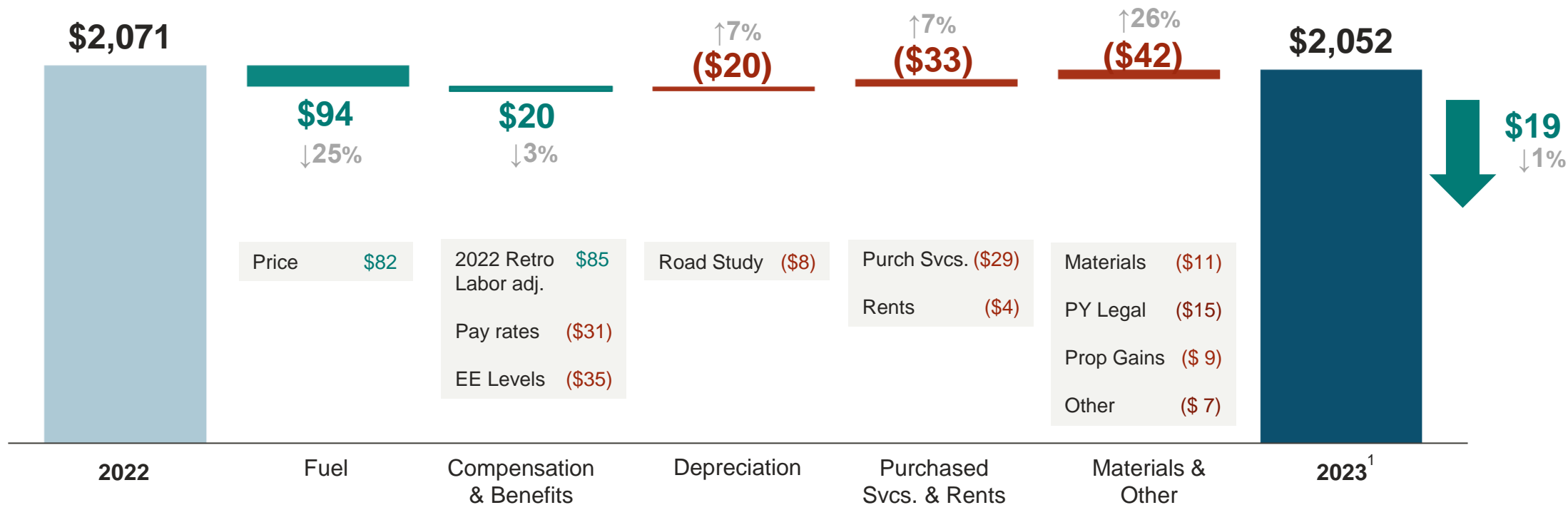


Operating Expense Components

Adjusted Q3 2023⁽¹⁾ vs. 2022

\$ millions

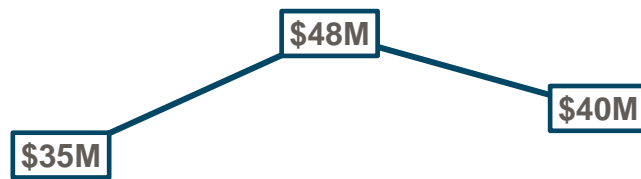
favorable / (unfavorable)



(1) Adjusted Q3 2023 modifies 3Q23 GAAP results for the \$163M related to the Eastern Ohio incident. Please see reconciliation to GAAP posted on our website on the Investors page under Events and Presentations for this event.

Service Costs and Resiliency Investments

Temporary Service Costs



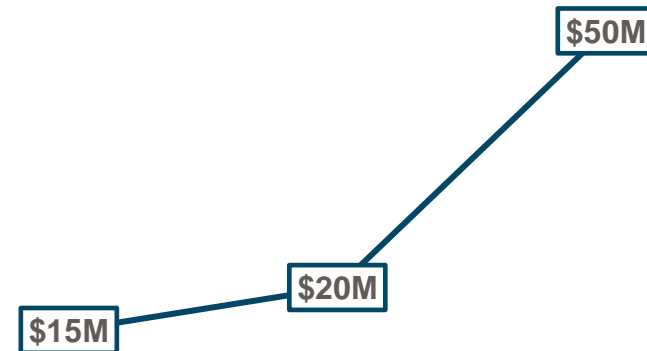
Q1

Q2

Q3

Will partially unwind in Q4

Incremental Expense from Resiliency Investments



Q1

Q2

Q3

Will rise more modestly in Q4

Financial Results

Q3 2023 vs. Q3 2022

favorable / unfavorable

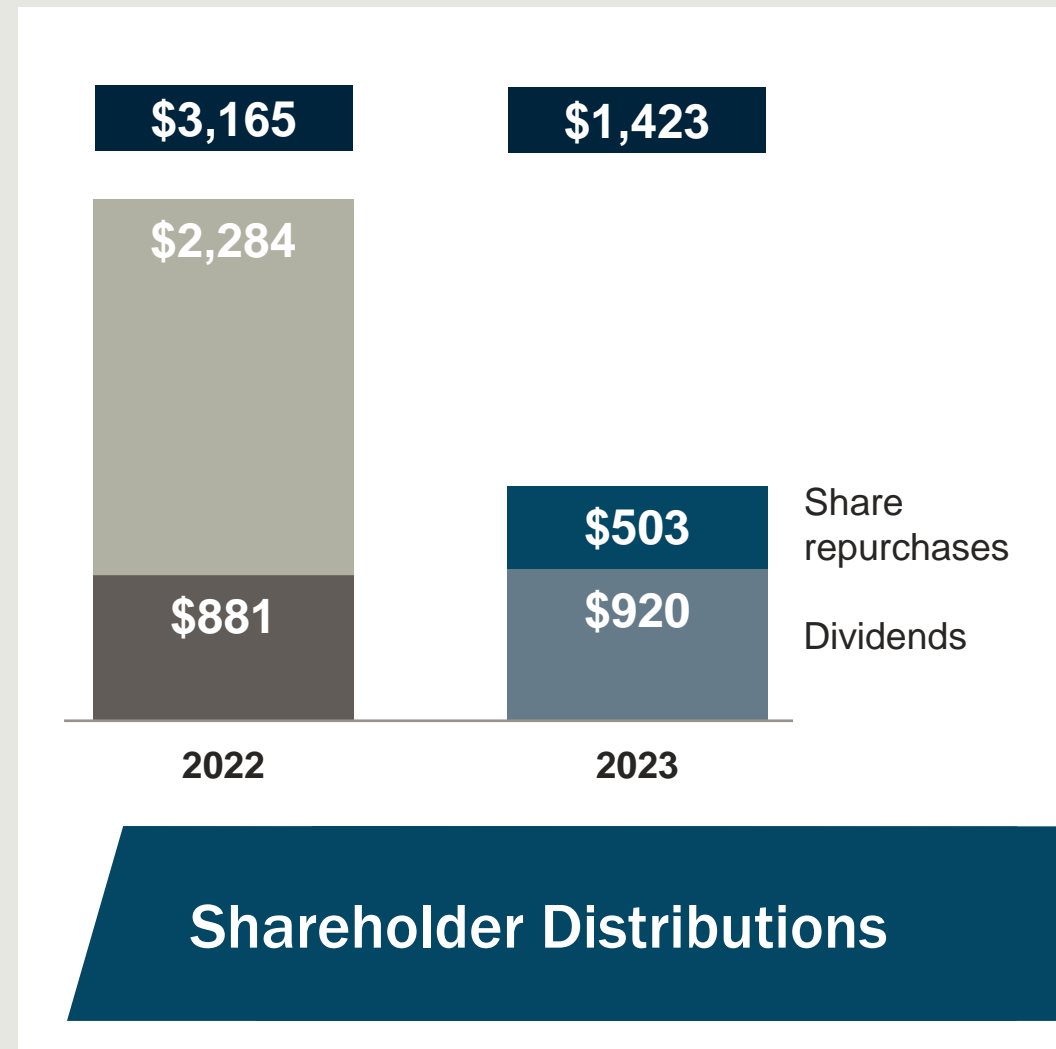
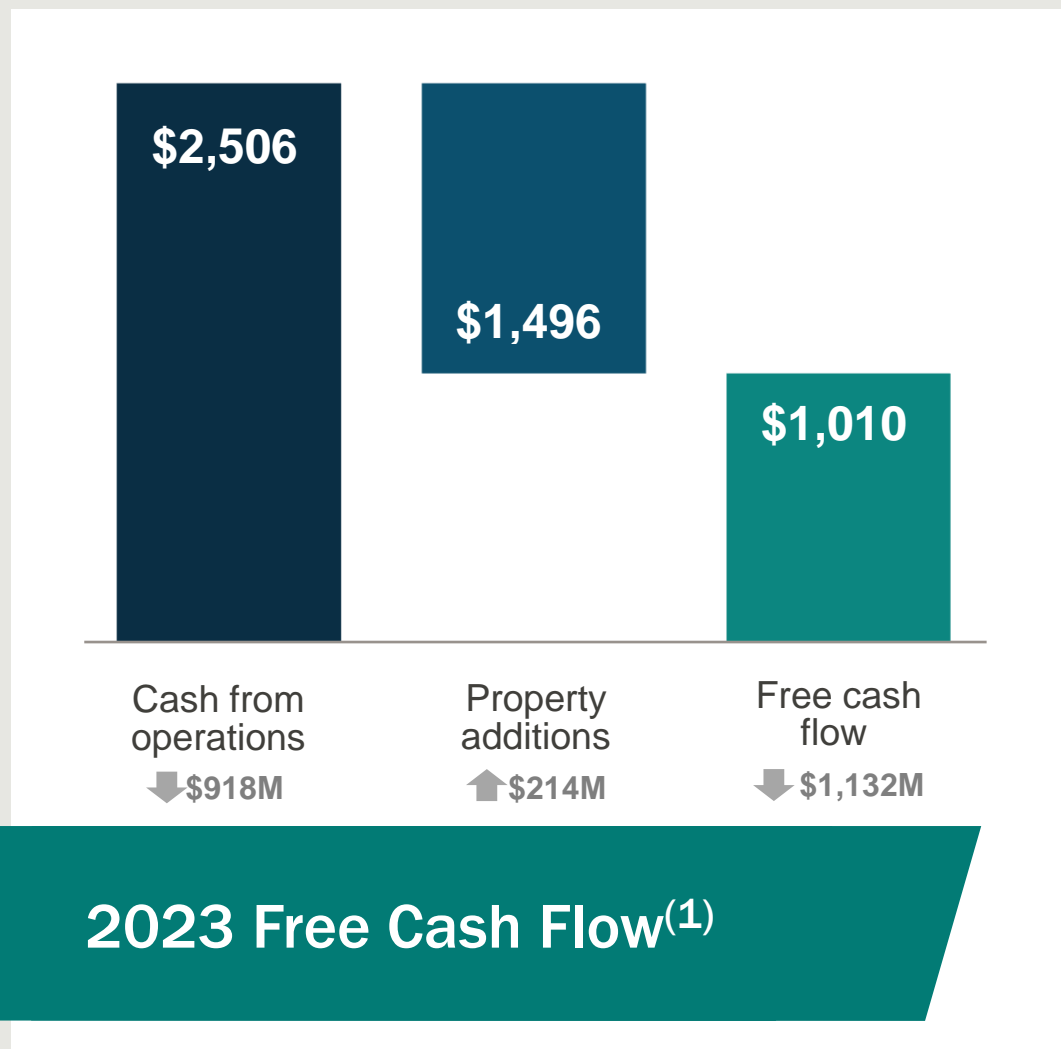
\$ millions except per share

	2022	GAAP 2023	Adjusted 2023 ⁽¹⁾	Adjusted Variance vs '22	
				\$	%
Income from railway operations	\$1,272	\$756	\$919	(\$353)	(28%)
Other income (expense) – net	(2)	40	40	42	NM
Interest expense on debt	177	182	182	5	3%
<hr/> Income before income taxes	<hr/> 1,093	<hr/> 614	<hr/> 777	<hr/> (\$316)	<hr/> (29%)
Income taxes	135	136	176	41	30%
<hr/> Net income	<hr/> \$958	<hr/> \$478	<hr/> \$601	<hr/> (\$357)	<hr/> (37%)
<hr/> Earnings per share – diluted	<hr/> \$4.10	<hr/> \$2.10	<hr/> \$2.65	<hr/> (\$1.45)	<hr/> (35%)

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Free Cash Flow & Shareholder Distributions

First Nine Months / \$ millions



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Operations Overview

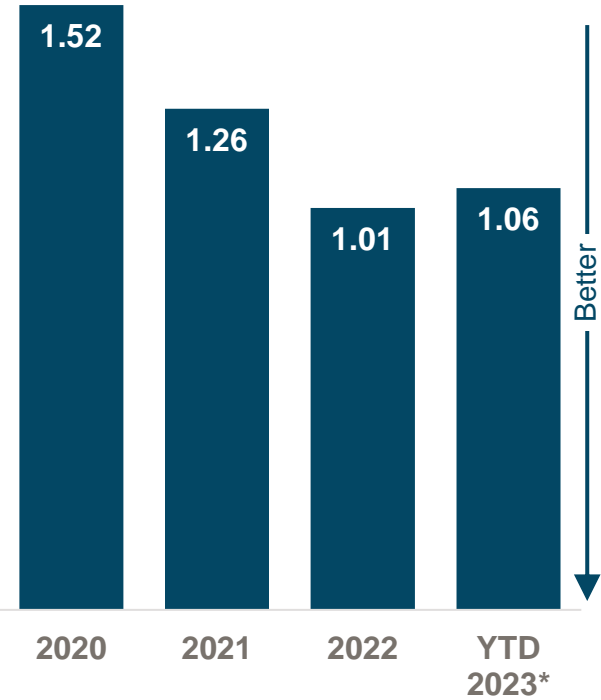


Paul Duncan
Executive Vice President
& Chief Operating Officer



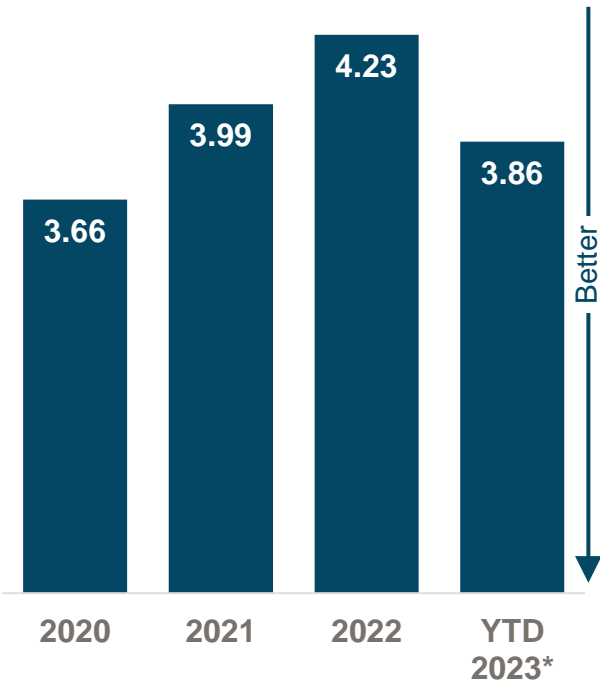
Safety Update

FRA Personal Injury Index



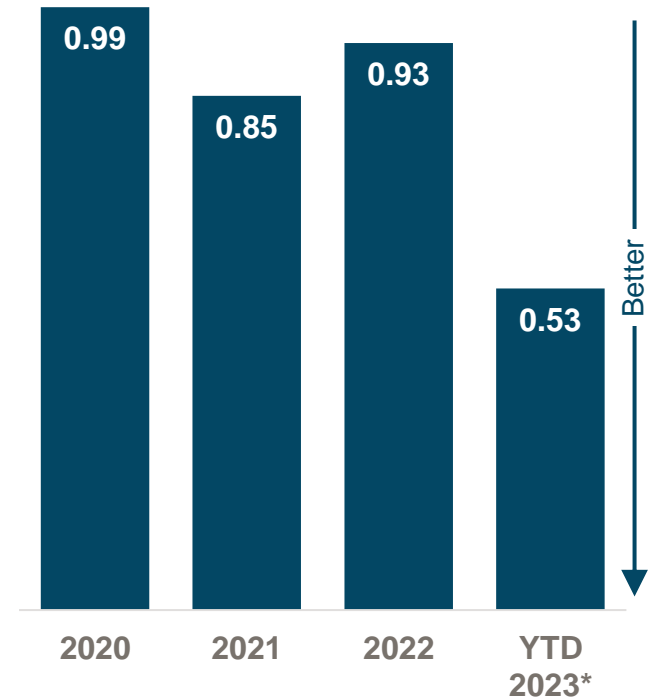
FRA Personal Injury Index calculates the number of reportable injuries/illnesses per year per 200,000 hours worked.

FRA Accident Rate



FRA Train Accident Rate calculates the total number of reportable accidents per million train miles.

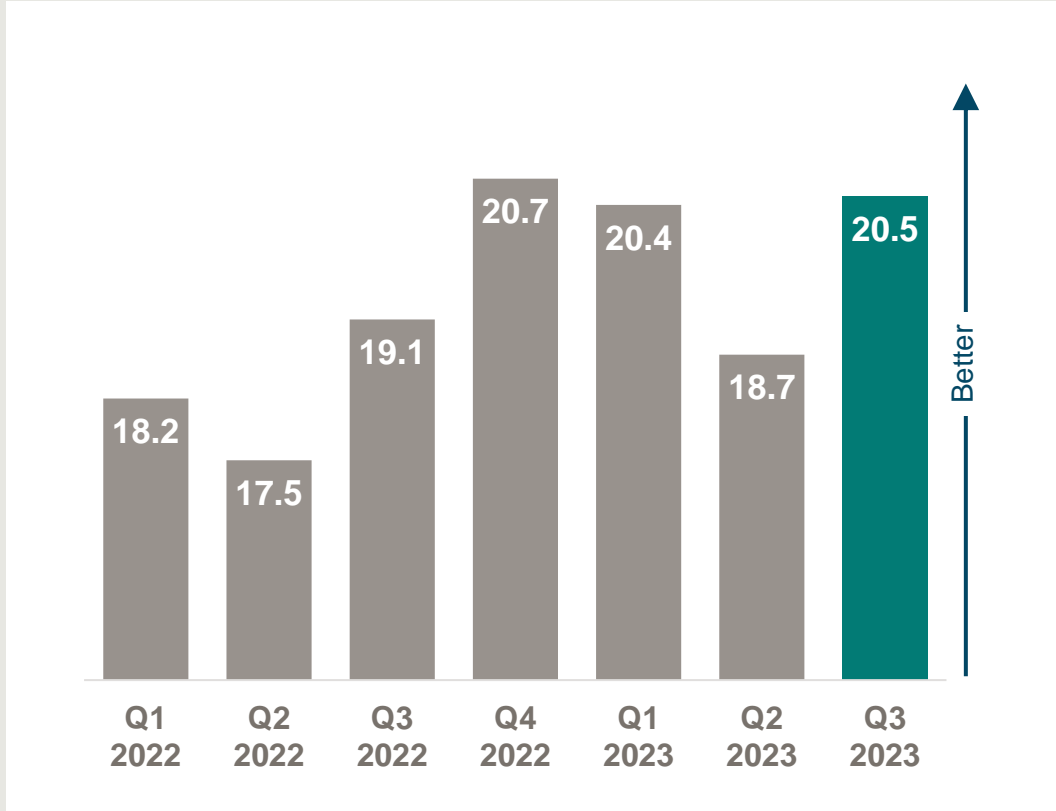
FRA Mainline Accident Rate



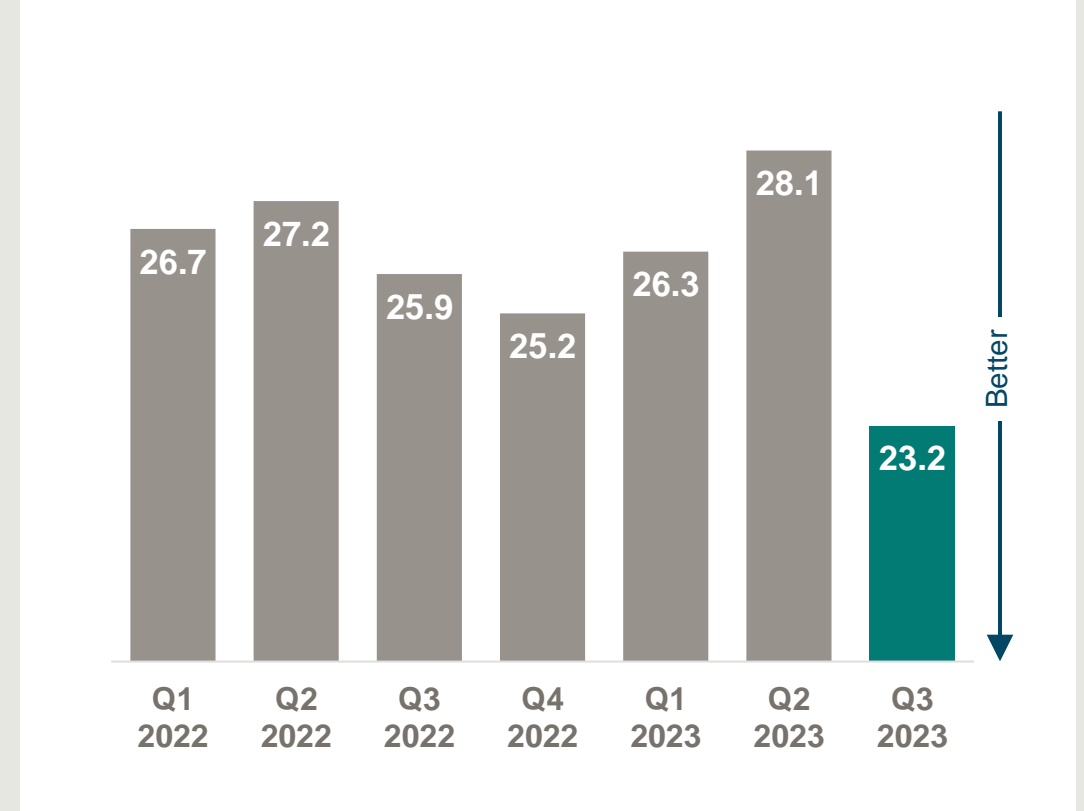
FRA Mainline Accident Rate calculates the total number of reportable events occurring on that portion of the track that connects stations (other than auxiliary track) on which trains operate (a "Mainline") per one million Mainline miles.

The amounts above are reported through September 30, 2023, and remain subject to future adjustment due to updated medical reports (with respect to the FRA Personal Injury Index) or cost information (with respect to the FRA Accident Rate and the FRA Mainline Accident Rate) or other FRA review. The amounts provided for Q3 2023 are preliminary and include data not yet reported to the FRA.

Service Update



Train Speed (mph)

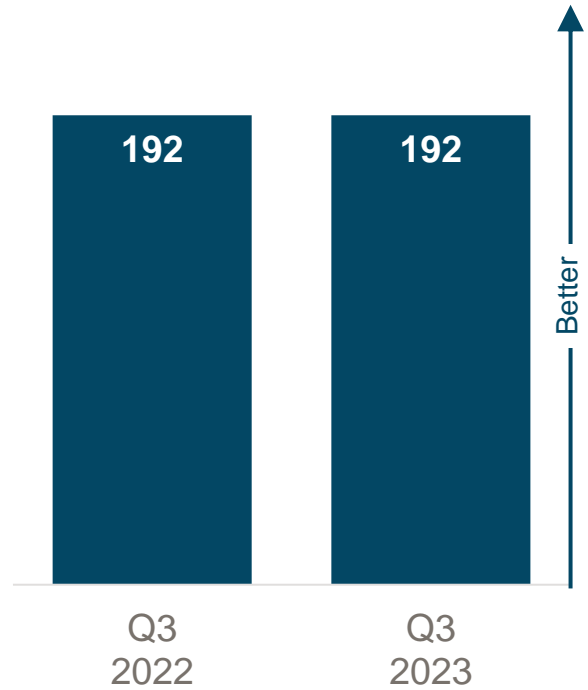


Terminal Dwell (hours)

Productivity Indicators

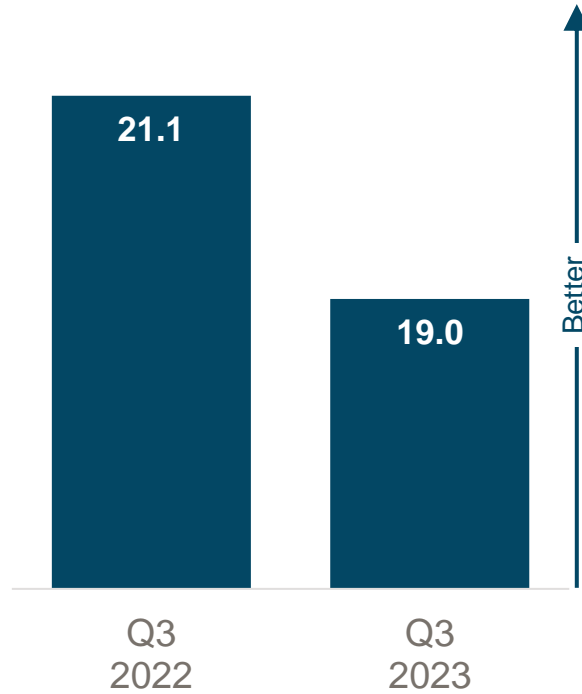
Locomotives

Miles per Day



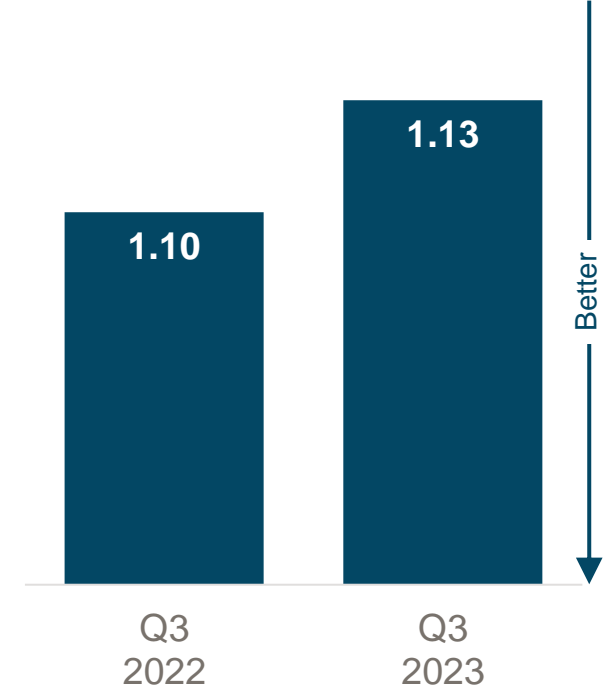
Workforce

kGTMs per T&E Hour Worked



Fuel Efficiency

Gallons per kGTM





Driving Safe, Reliable, and Resilient Service, Productivity, and Growth

- ✓ Disciplined Terminal Execution
- ✓ Full Plan Adherence – Train & Car
- ✓ Labor Modernization
- ✓ First-Mile Last-Mile Optimization

04

Market Overview

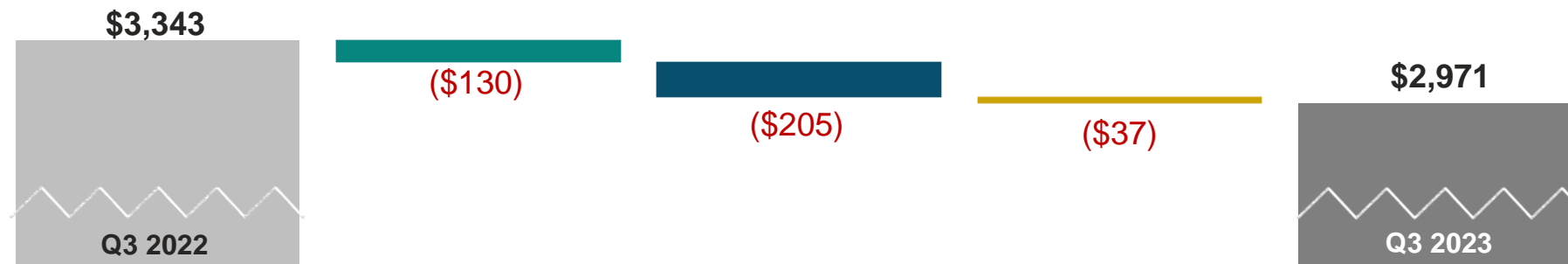


Ed Elkins
Executive Vice President
& Chief Marketing Officer



Q3 Volume and Revenue Results

Q3 2023 vs. Q3 2022 / Revenue change \$ millions / favorable / unfavorable



	Merchandise	Intermodal	Coal	Total
Revenue	\$1,800M (7%)	\$737M (22%)	\$434M (8%)	\$2,971M (11%)
Volume	555,100 (3%)	965,400 (1%)	166,700 (9%)	1,687,200 (2%)
RPU	\$3,241 (4%)	\$764 (21%)	\$2,602 1%	\$1,760 (9%)
RPU (less fuel) ⁽¹⁾	\$3,082 3% RECORD	\$608 (15%)	\$2,552 7% RECORD	\$1,614 (2%)

33 out of 34 consecutive quarters of y-o-y RPU (less fuel) (1) growth in Merchandise

Market Outlook

Merchandise

- Manufacturing Activity
- Energy Prices
- Automobile Production / UAW Strike

Intermodal

- East Coast Import Demand
- Truck Rates
- Peak Season Activity

Coal

- Seaborne Coal Prices
- Utility Coal Burn
- Natural Gas Prices

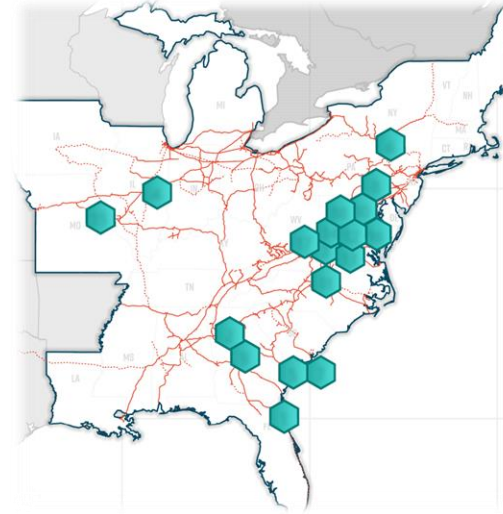
New Services to Drive Incremental Volumes

Quickly executing to add volume to network



Technology enabled solutions for our *first and final mile* customers

Sustained strength in **Industrial Development** activities across the Norfolk Southern network



New Canadian Domestic Service

New **NS<>CN** domestic service launched **Oct. 2nd** providing a seamless intermodal product linking CN markets to the southeastern US



Intermodal Expansion in Florida

NS expands portfolio of service offerings starting **Oct. 2nd** to include **FEC's Ft. Pierce and Ft. Lauderdale** adding flexibility for Norfolk Southern and FEC's shared customers



2023 Outlook

- Revenue down ~4%
 - Lower than expected Q3 revenue including significant decline in fuel surcharge
- CapEx of ~ \$2.2B

OUR STRATEGY



Safely Deliver Reliable and Resilient Service

Propel Smart and Sustainable Growth

Drive Continuous Productivity Improvement



Thank You

www.norfolksouthern.com